#5539

theWhitakergroup

Mobilizing Resources, Partnerships and Capital for Africa's Development

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July 20, 2009

Ms. Heather Hunt
Acting Chief, Registration Unit
Department of Justice
10th & Constitution Ave, NW
Criminal Division
Counterespionage Section/Registration Unit
Bond Building – Room 9300
Washington, DC 20530

RE: Transmittal of Correspondence

Dear Ms. Hunt,

Please find enclosed copies of three documents. The first document, "Uganda Update-Winter 2008/2009", was sent to US Government officials by the Whitaker Group on behalf of our foreign client in March 2009. The second document, "Lesotho Update-Spring 2009" was sent to US Government officials by the Whitaker Group on behalf of our foreign client in May 2009. The final document, "Uganda Update-Spring 2009" was sent to US Government officials by the Whitaker Group on behalf of our foreign client in June 2009. Please feel free to contact our offices if you have any questions regarding these documents.

Regards,

David a Semadeni

David Semadeni
Associate, Administration & Finance
The Whitaker Group
(202)293-1453

Enclosures

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UGANDA UPDATE – WINTER 2008/2009

SUMMARY – SCROLL DOWN FOR FULL STORY

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UGANDA SCORES HIGH ON ECONOMIC FREEDOM INDEX
Uganda scored fourth out 46 sub-Saharan African (SSA) countries in the 2009 Index of Economic Freedom, published in January by the *Wall Street Journal* and the Heritage Foundation, a Washington-based think tank. The index, published annually, noted that Uganda scored well in the categories covering government size, financial freedom, labor freedom and fiscal freedom. "Total government expenditure is moderately low, and many state-owned businesses have been privatized. Price stability is largely restored, and the financial sector has become more open," the index report stated.

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The program has announced that it intends to increase its food purchases in Uganda to more than $100 million annually over the next three years and hopes to diversify its purchases to sorghum, millet, sesame and cassava products.

"Buying food locally and using local transporters boosts Uganda's economy," said WFP Country Director Stanlake Samkange. "Local purchase helps WFP reach people faster while avoiding costs of shipping food from abroad. The agency can, therefore, better utilize donor funds in an era of high prices."

P4P, a five-year pilot project, is a groundbreaking initiative to transform the way WFP buys food in developing countries. It aims to give small-scale farmers access to reliable markets and the opportunity to sell their surplus at competitive prices.

"It's a win-win situation," said WFP Executive Director Josette Sheeran. "We help our beneficiaries who have little or no food and we help local farmers who have little or no access to markets."

In addition, P4P helps the farmers to improve farming techniques, store their crops in warehouses, plant higher-yield seeds, institute quality control and transport their produce to customers. Farmers are also taught the tools to become competitive players in the agricultural marketplace.

An added benefit is that, with WFP as a guaranteed client, many poor farmers become eligible for credit with which to buy seeds and fertilizer, and perhaps employ people to help harvest the crops.

"Once a farmer's group wins a contract, they can take it to a local bank," Mr. Rajiv Shah, Director of Agricultural Programs at the Gates Foundation, told *Time* magazine. "They can show that not only do they have the means to produce, but a market to sell it."

Funded largely by the Bill and Melinda Gates Foundation and the Howard G. Buffett Foundation, founded by financier Warren Buffett's son, the pilot project also includes Burkina Faso, the DRC, Ethiopia, Kenya, Liberia, Malawi, Mali, Mozambique, Rwanda, Sierra Leone, Sudan, Tanzania and Zambia. It will also buy food in Guatemala, Nicaragua, Afghanistan and Laos.

The Gates Foundation has committed $66 million to the project, with the Buffett Foundation giving $9.1 million and the Government of Belgium $750,000. The initiative aims to buy 40,000 metric tons of food over the next five years - enough to feed 250,000 people - from at least 350,000 farmers in the pilot countries, with a view to eventually replicating the program in other countries.

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The theme for the 2009 awards was corporate social responsibility. Judges were drawn from government and civil society including the Uganda Bureau of Standards, the Uganda Manufacturers Association (UMA), the Uganda Export Promotion Board (UEPB), the Federation of Uganda Employers (FUE), the Uganda National Council of Science and Technology (UNCST), the National Environment Management Authority (NEMA) and the Uganda Journalists' Association.

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The small-scale category winner was Igara Growers Tea Factory Ltd., which is owned by a cooperative of 2,859 Ugandan farmers. The company received special recognition for its contributions to the local community through the construction of classroom blocks, health centers and the planting of trees. Runners up in this category included Kings Lagoon Resort and Samona Products Ltd., a local company that makes herbal jellies and soaps.

In the special awards category, the Ugandan High Commission in India was recognized for its efforts to attract foreign direct investment to Uganda. Ms. Amina Hersi Moghe of the Oasis Group was named Best Woman Entrepreneur of 2008. She was recognized for her role in establishing real estate developments and the new Nakumatt supermarket franchise. Uganda Telecom received special recognition for technology advancement.

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The optimistic forecast is largely due to recent discovery of significant oil reserves in Uganda which has boosted investor interest, the report stated.

The IMF commended the Government of Uganda on its sound macroeconomic policies and its commitment to scaling up investment in infrastructure. It has recommended that the government provide some fiscal stimulus to offset tougher global conditions, including increasing tax revenues by 1% of gross domestic product annually.

"Uganda's economy has continued to thrive," said Mr. Takatoshi Kato, Deputy Managing Director and Acting Chair of the IMF Executive Board, following the IMF's review of Uganda's Policy Support Instrument (PSI) in January. "Sound macroeconomic policies underpin Uganda's good performance. Nevertheless, the global financial crisis and economic downturn pose a downside risk to Uganda's growth prospects and the authorities need to be vigilant."

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While Heritage declined to identify the interested parties, it is probable they include China, Japan and South Korea, which all rely heavily on oil imports, produce steel and have the cash reserves for such a project.

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The company will bring its annual capacity up to an estimated 680,000 metric tons to meet what Bamburi's management has described as "fast growing demand." Fifty percent will be used in Uganda and 50% will be exported to neighboring countries.

Bamburi, based in Kenya, recorded a 10% increase in its operating profits to $7.7 million in 2008, up from the $6.96 million posted in 2007.

"Against a tough operating environment in the first half of the year due to post-election violence in Kenya and aggravated further by high inflationary pressures during the second half, the group returned impressive results in 2008," said Bamburi Group Chairman Richard Kemoli.

To support additional capacity in Uganda, the company is building a new $8.6 million clinker and cement production line at its Kasese Plant in Uganda. Clinker is the solid material produced as a by-product on Portland cement production. It is used, once ground and mixed with other ingredients, to produce other varieties of concrete.

Bamburi Cement is the largest cement manufacturing plant in East Africa and second largest in sub-Saharan Africa.

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MTN Uganda has become the first African company to offer microfinancing through MYC4, the online investment site that connects people from around the world to African entrepreneurs. The telecommunications company announced in January that it would invest $250,000 as seed capital to support Ugandan small and medium-size enterprises.

The investment is a three-year partnership that targets rural women business owners in the areas of agriculture, artisanship and information and communications technology (ICT). It will offer credit of up to 3,000 euros (about $3,800) to small and medium-size enterprises (SMEs) that qualify for funding throughout the country. The investment, given through the MTN Foundation, will eventually become a revolving fund as businesses repay the loans.

"This is a great opportunity for us to champion the notion of an African company helping fellow Africans instead of the common perception that aid should always come from abroad," said MTN's Chief Commercial Officer Mr. Eric Van Meen. Under the agreement with MYC4, $50,000 would be invested immediately in a six-month pilot phase.

Mr. Van Meen said the funding was in line with MTN's policy of supporting interventions that create a lasting impact on the welfare of the people. "We know that the majority of our people live in rural areas and a good number of these are women who engage in small businesses. By making available this line of credit to them, we are in actual fact supporting the welfare of the whole family and by extension the community."

Inspired by the Nobel Peace Prize-winner and founder of Grameen Bank, Professor Mohammad Yunus, MYC4 was founded in 2006 as a joint venture between Danish businessmen, Mr. Mads Kjaer and Mr. Tim Vang, who were seeking to connect potential investors directly with African entrepreneurs as a way to use business to alleviate poverty. To date, 13,174 investors from 83 countries have invested almost $9 million in 3,830 businesses in seven African countries including Côte d'Ivoire, Ghana, Kenya, Rwanda, Senegal, Tanzania and Uganda. MYC4 is based in Copenhagen, Denmark, and has an IT Development Center in Kampala.

MTN Uganda's initiative was described by Mr. Kjaer, MYC4's CEO, as great recognition of MYC4 as a serious tool for poverty alleviation. "The overriding task for the international community is to generate 10 to 15 million jobs annually in Africa," he said. "MYC4 is business, not charity. In order to create long-term sustainable development in the poorest countries, it is essential to ensure access to knowledge and capital. I see Africa as a good business opportunity. Business is a crucial part of eradicating poverty, and better economic conditions will spread like rings in the water to other areas such as health, education and environment."

MYC4 is built around a network of local providers who screen entrepreneurs wanting to obtain a loan, and local lenders handling the financial transactions. All businesses interested in obtaining loans undergo a thorough investigation to ensure they provide healthy economic prospects for growth. Investors bid on loans through the MYC4 website.

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state-owned businesses have been privatized. Price stability is largely restored, and the financial sector has become more open," the index report stated.

Included among the highlights of the report are:

- Starting a business in Uganda takes an average of 28 days, compared to the world average of 38 days.
- Government spending management is sound, accounting for 20.9% of Gross Domestic Product.
- The banking sector is "relatively open" to competition, and government influence in the sector is not heavy. Access to financial services has been gradually expanded across the country. Uganda's banking regulatory laws are in line with international financial regulatory standards.
- Uganda's flexible labor regulations enhance overall employment and productivity growth.

The index rated Mauritius as having SSA's most free economy, followed by Botswana, South Africa, Uganda, Namibia, Madagascar, Cape Verde, Burkina Faso, Swaziland and Kenya. Hong Kong was rated the most free economy globally, followed by Singapore, Australia, Ireland, New Zealand, the United States, Canada, Denmark, Switzerland and the United Kingdom.

PREPARED BY THE WHITAKER GROUP, REGISTERED FOREIGN AGENT FOR UGANDA

If you would no longer like to receive e-mails from The Whitaker Group please contact us at anton@thewhitakergroup.us and we will remove you from our mailing list.

Purchase For Progress

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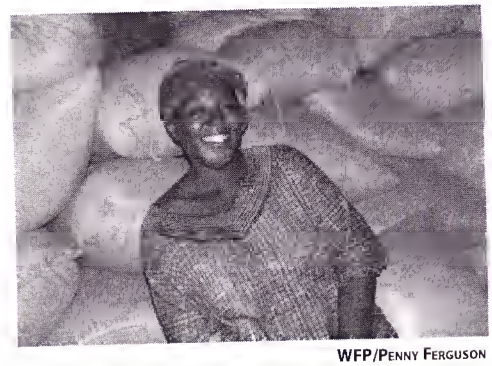
WFP/Penny Ferguson

Manyakabi Cooperative members sift maize grain together to insure the strict quality standards required by WFP.



WFP/Penny Ferguson

Manyakabi Cooperative Manager Clare Kabakyenga looks over the co-op's stock of some 70 metric tons of maize, destined for purchase by the WFP.

"The pricing is so good. The price they are giving us, it is the price we would get in Kampala, so that means we are no longer selling to the middlemen," she said.

The cooperative also has a credit society to give members small loans. In the past, farmers used to sell half-grown crops at a fraction of their value to raise cash in an emergency.

Now, in the event of a crisis, the group advances enough money so the farmer does not have to sell his or her crops at a low price.

- World Food Program

An added benefit is that, with WFP as a guaranteed client, many poor farmers become eligible for credit with which to buy seeds and fertilizer, and perhaps employ people to help harvest the crops.

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WARID on Wheels takes mobile services directly to customers

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A local woman who will benefit from the Clouds Mountain Gorilla Lodge. Only people represented by the Nkuringo Community Development Foundation will be permitted to work at the community lodge, the first of its kind in Uganda.

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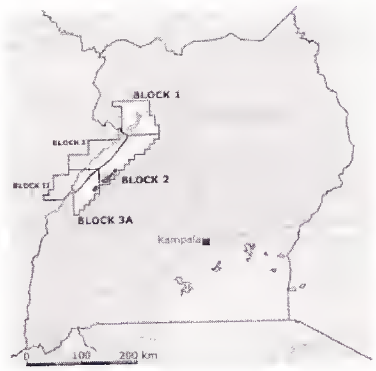

The exploration region is on the eastern shore of Lake Albert

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Microfinance

MTN UGANDA PLEDGES SEED CAPITAL THROUGH MYC4

MTN Uganda has become the first African company to offer microfinancing through MYC4, the online investment site that connects people from around the world to African entrepreneurs. The telecommunications company announced in January that it would invest $250,000 as seed capital to support Ugandan small and medium-size enterprises.

Women artisans can benefit from MTN Uganda's new micro-credit program

The investment is a three-year partnership that targets rural women business owners in the areas of agriculture, artisanship and information and communications technology (ICT). It will offer credit of up to 3,000 euros (about $3,800) to small and medium-size enterprises (SMEs) that qualify for funding throughout the country. The investment, given through the MTN Foundation, will eventually become a revolving fund as businesses repay the loans.

"This is a great opportunity for us to champion the notion of an African company helping fellow Africans instead of the common perception that aid should always come from abroad," said MTN's Chief Commercial Officer Mr. Eric Van Meen. Under the agreement with MYC4, $50,000 would be invested immediately in a six-month pilot phase.

Mr. Van Meen said the funding was in line with MTN's policy of supporting interventions that create a lasting impact on the welfare of the people. "We know that the majority of our people live in rural areas and a good number of these are women who engage in small businesses. By making available this line of credit to them, we are in actual fact supporting the welfare of the whole family and by extension the community."

Inspired by the Nobel Peace Prize-winner and founder of Grameen Bank, Professor Mohammad Yunus, MYC4 was founded in 2006 as a joint venture between Danish businessmen, Mr. Mads Kjaer and Mr. Tim Vang, who were seeking to connect potential investors directly with African entrepreneurs as a way to use business to alleviate poverty. To date, 13,174 investors from 83 countries have invested almost $9 million in 3,830 businesses in seven African countries including Côte d'Ivoire, Ghana, Kenya, Rwanda, Senegal, Tanzania and Uganda. MYC4 is based in Copenhagen, Denmark, and has an IT Development Center in Kampala.

MTN Uganda's initiative was described by Mr. Kjaer, MYC4's CEO, as great recognition of MYC4 as a serious tool for poverty alleviation. "The overriding task for the international community is to generate 10 to 15 million jobs annually in Africa," he said. "MYC4 is business, not charity. In order to create long-term sustainable development in the poorest countries, it is essential to ensure access to knowledge and capital. I see Africa as a good business opportunity. Business is a crucial part of eradicating poverty, and better economic conditions will spread like rings in the water to other areas such as health, education and environment."

MYC4 is built around a network of local providers who screen entrepreneurs wanting to obtain a loan, and local lenders handling the financial transactions. All businesses interested in obtaining loans undergo a thorough investigation to ensure they provide healthy economic prospects for growth. Investors bid on loans through the MYC4 website.

Business Climate

UGANDA SCORES HIGH ON ECONOMIC FREEDOM INDEX

Uganda scored fourth out 46 sub-Saharan African (SSA) countries in the 2009 Index of Economic Freedom, published in January by the *Wall Street Journal* and the Heritage Foundation, a Washington-based think tank. The index, published annually, noted that Uganda scored well in the categories covering government size, financial freedom, labor freedom and fiscal freedom. "Total government expenditure is moderately low, and many state-owned businesses have been privatized. Price stability is largely restored, and the financial sector has become more open," the index report stated.

Included among the highlights of the report are:

- Starting a business in Uganda takes an average of 28 days, compared to the world average of 38 days.
- Government spending management is sound, accounting for 20.9% of Gross Domestic Product.
- The banking sector is "relatively open" to competition, and government influence in the sector is not heavy. Access to financial services has been gradually expanded across the country. Uganda's banking regulatory laws are in line with international financial regulatory standards.
- Uganda's flexible labor regulations enhance overall employment and productivity growth.

The index rated Mauritius as having SSA's most free economy, followed by Botswana, South Africa, Uganda, Namibia, Madagascar, Cape Verde, Burkina Faso, Swaziland and Kenya. Hong Kong was rated the most free economy globally, followed by Singapore, Australia, Ireland, New Zealand, the United States, Canada, Denmark, Switzerland and the United Kingdom.

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UGANDA UPDATE – SPRING 2009

SUMMARY – SCROLL DOWN FOR FULL STORY

ECONOMIC RESILIENCE

UGANDAN ECONOMY TO BE AMONG AFRICA'S STRONGEST IN 2009

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With the strong support of the Government of Uganda and the imminent arrival of global connectivity via the SEACOM fiber optic undersea cable, Uganda is poised to make a serious bid to become the business process outsourcing (BPO) hub of East Africa. The country, blessed with political stability, a population proficient in English, a large and inexpensive labor pool with information technology (IT) skills and an attractive business environment, is

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The initiative was started by US computer programmer Mr. Eric Morrow, who wanted to find a way to make computer skills available to students in resource-poor settings. Working with Mr. Asia Kamukama, a Ugandan development economist, and Mr. Richard Happy, a relief worker, he developed a self-powered, self-contained mobile classroom by mounting three 65-watt solar panels on top of a four-wheel-drive vehicle that charges a 200mAh (milli-amp per hour) battery. The vehicle is also used to transport a custom-made tent and other equipment.

Maendeleo uses energy-efficient Intel-powered Classmate PCs. All 10 of the PCs used in the classroom can be run concurrently for over six hours using solar power. The Intel prize will enable the foundation to create a second mobile computer classroom which it intends to use in neighboring Rwanda.

The Intel Inspire Empower Challenge Award is given each year by Intel Corporation to initiatives that propose innovative solutions using technology to help people in four global categories: education, healthcare, economic development and the environment.

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"The sole purpose of ASIF is to provide high quality seeds to smallholder African farmers, thereby improving income and quality of life," said Dr. Namanga Ngongi, President of AGRA. "Direct investment in local seed companies will allow African enterprises, working with local public crop breeders and farmers, to seed prosperity. We can foresee the day when dozens, if not hundreds, of small and medium-sized African seed companies are working across the region to get low-cost, high-quality seed to farmers from Ethiopia to Mozambique."

ASIF, which will fill a critical funding gap in African agricultural development, is the first fund of its kind: African-owned and targeted specifically at promoting the growth of small and medium-sized African seed companies through long-term loans provided at below-market rates. It will operate in eight countries - Ethiopia, Kenya, Malawi, Mozambique, Rwanda, Tanzania, Uganda and Zambia. In addition to larger loans to established seed companies, ASIF will also give loans ranging from about $50,000 to $1.5 million to about 10 start-up businesses.

Sales revenues of African seed companies were about $2.5 million in 2006 - a fraction of the $30 billion global market. Only about one-third of Eastern and Southern African maize, the region's largest staple food crop, was produced from improved varieties. African companies, which produce high-quality, locally adapted seed for a range of crops including maize, rice, sorghum, cowpeas and millet, cannot meet the demand. The AGRA-AAC partnership aims to jumpstart a well-capitalized, competitive and efficient regional seed industry, with the commercial incentive to produce, distribute and market improved seed varieties that meet farmers' demands.

"The African seed industry has been starved of investment capital," said Mr. Tom Adlam, Managing Director of AAC. "The Africa Seed Investment Fund offers the opportunity to commercialize new improved seed varieties - the fruits of research and development work carried out by both national and international plant breeding programs."

AGRA is a Nairobi-based African organization funded largely by the Gates Foundation that finds practical solutions across the agricultural value chain to sustainably boost smallholder farm productivity. It describes its investment in ASIF as part of a comprehensive approach to helping millions of small-scale farmers and their families end poverty and hunger. AAC is a diversified agri-business fund, founded in Uganda in 2004, that provides venture capital for small and medium-sized African agri-business.

The fund will also provide business development services, including advice on issues such as seed production, storage, distribution and seed company management. Distributors will also be trained on the appropriate use of seeds and other inputs such as fertilizer to ensure their most efficient, safe and environmentally sound use.
To qualify for funding, companies will need to meet investment criteria in enterprise, performance and development, including measures such as overall job creation, skills development and environmental impact.

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The Mauritius-based company, which has so far invested about $225 million in SMEs in Ghana, Kenya, Nigeria, Oman, Rwanda, Tanzania, South Africa and Uganda, plans to offer loans to Ugandan entrepreneurs ranging from about $50,000 to $1 million.

In addition to providing business loans, GroFin gives individualized training in management, marketing and financial skills to its client entrepreneurs. The approach enhances the probability of success, stimulates business growth and contributes to job growth and social development in the SME sector in developing countries.

One entrepreneur to benefit from loans and training from GroFin is Mr. Tom Kaaya, who built the Nana Hostel to house Makerere University students in Kampala.

"My dream was to build this hostel and to make sure students have a good place to stay and study because it is very hard for students to find good housing," Mr. Kaaya said. When a traditional bank was unable to provide him with financing because he lacked collateral, a bank official directed him to GroFin.

"I took my business plan to GroFin and they asked a lot of questions and went over every bit of it in great detail," he said. "I thought I knew everything there was to know about my business, but really, they re-educated me and helped me get the accounting and the business plan just right. I did some more research and came back with a much better proposal. GroFin taught me so much, I know I couldn't fail."
Nana Hostel now offers 462 self-contained rooms to more than 1,000 students. GroFin provided about $1.6 million in loans for the project.

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One BPO company already in place is Zundati, Inc., first established in Uganda as Data Solutions International, Ltd. Zundati is the first viable offshore BPO services company in the country. "When we opened our doors for business in 2006, our objective was to bridge the divide between opportunity and the abundance of talent throughout Uganda; we are well on our way," said Robert Kayihura, Zundati's Founding Partner.

Zundati built its foundation providing offshore data processing and indexing services to some of the world's leading family history and other historical records companies based in the United States. At its peak, Zundati employed a fulltime staff of over 120 data entry clerks, and other technical support staff. "We have helped our clients digitize, index and publish millions of census, genealogical and other historical records, all the while developing a core set of competencies that have application in many different sectors and industries," Kayihura said.

Today, Zundati is also providing services to the Government of Uganda and preparing to pursue large scale projects in healthcare and other business sectors. The company seeks to help organizations improve their services by providing a cost effective transition to automated and more integrated information systems. Other services include application testing, software development, and online research, in addition to other general back-office business services.

While the country's outsourcing industry is still quite small, comprising around 30 firms, the Government of

Uganda has made it a priority to expand the sector. "The genius of e-services is that, if one works, then 100 can work too, and as you keep adding firms, then costs fall and skills are generated," said Mr. Paul Collier, author and development economist. "We need to ignite those processes that can scale up without limit, that are explosive."

In March, Uganda's Ministry of Information and Communications Technology (MoICT) recommended that Parliament fast-track passage of cyberlaws to bring electronic data protection in Uganda up to international standards and that the government establish a center for IT skills training and a unit for call center services.

For the past several years the government has been building a national fiber optic data transmission backbone, and telecommunications companies MTN Uganda and Uganda Telecom have invested heavily in fiber optic rollout throughout the country. The network is scheduled to be connected within the next few months to the SEACOM submarine cable via a terrestrial line to Mombasa, Kenya, where the cable comes ashore. The 15,000-km cable, which is 77% African-owned, connects Eastern and Southern Africa to global networks via Europe and India and enables broadband internet access and a range of other services critical to competitiveness in the global economy.

The $600 million SEACOM cable comes ashore in Kenya, Madagascar, South Africa and Tanzania. It will provide African retail carriers with equal and open access to inexpensive bandwidth and will revolutionize telecommunications in East Africa, which until now has relied solely on satellite connections. The Ugandan government plans to subsidize bandwidth costs for BPO companies and help them market their services at home and abroad. In addition, it is funding entrepreneurial and outsourcing training already underway for students at Makerere University and other institutions.

The SEACOM cable is the first of three submarine cables that will connect East Africa to the rest of the world. The others are the East Africa Submarine System (EASSy), running from South Africa to Sudan and scheduled to be completed in June 2010, and The East African Marine System (TEAMS) connecting Mombasa, Kenya, to Fujairah in the United Arab Emirates and scheduled to be completed later this year.

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"We pick up where local colleges like Makerere University leave off by offering hands-on experience in Java, C++, Ruby on Rails, Django and Python, PHP, Perl, Kannel and various other programming languages that often can't be taught in-depth in classes due to budget restraints," he wrote in a recent blog. "These skills are highly valued around the world and skilled professionals in this region will make East Africa a more attractive place to develop software, not only locally, but also for international companies."

Earlier this year, Appfrica attracted funding from Kuv Capital, a venture capital firm that has invested in similar hi-tech incubator companies in Beirut and Dubai, and which plans to open an office in Africa to take advantage of the continent's rapidly growing information and communication technology sector.

PREPARED BY THE WHITAKER GROUP, REGISTERED FOREIGN AGENT FOR UGANDA

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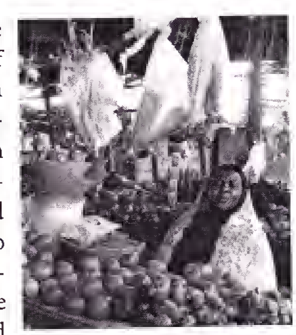

Many farmers sell their produce directly at markets

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The Maendeleo Foundation, a Ugandan NGO, has won a $100,000 Intel Inspire Empower Challenge Award for its solar-powered, mobile computer classroom program that is bringing computer education to school children around Uganda.

Maendeleo has introduced about 1,500 children to basic computer skills since the initiative was launched a year ago, and over 100 teachers have been trained to teach computer classes, giving them skills they can use to reinforce and extend their students' computer knowledge throughout the rest of their education.

The initiative was started by US computer programmer Mr. Eric Morrow, who wanted to find a way to make computer skills available to students in resource-poor settings. Working with Mr. Asia Kamukama, a Ugandan development economist, and Mr. Richard Happy, a relief worker, he developed a self-powered, self-contained mobile classroom by mounting three 65-watt solar panels on top of a four-wheel-drive vehicle that charges a 200mAh (milli-amp per hour) battery. The vehicle is also used to transport a custom-made tent and other equipment.

The mobile computer classroom

Maendeleo uses energy-efficient Intel-powered Classmate PCs. All 10 of the PCs used in the classroom can be run concurrently for over six hours using solar power. The Intel prize will enable the foundation to create a second mobile computer classroom which it intends to use in neighboring Rwanda.

The Intel Inspire Empower Challenge Award is given each year by Intel Corporation to initiatives that propose innovative solutions using technology to help people in four global categories: education, healthcare, economic development and the environment.

AGRICULTURAL DEVELOPMENT

AGRA LAUNCHES FUND TO BENEFIT SEED INDUSTRY

The Alliance for a Green Revolution in Africa (AGRA) launched the African Seed Investment Fund (ASIF) in April in partnership with the Kampala-based African Agricultural Capital (AAC) group. The fund will invest in at least 20 small and medium-sized seed companies in Eastern and Southern Africa over the next five years, infusing equity and expertise into an industry that is key to securing African food security and developing the continent's agricultural sector.

"The sole purpose of ASIF is to provide high quality seeds to smallholder African farmers, thereby improving income and quality of life," said Dr. Namanga Ngongi, President of AGRA. "Direct investment in local seed companies will allow African enterprises, working with local public crop breeders and farmers, to seed prosperity. We can foresee the day when dozens, if not hundreds, of small and medium-sized African seed companies are working across the region to get low-cost, high-quality seed to farmers from Ethiopia to Mozambique."

ASIF, which will fill a critical funding gap in African agricultural development, is the first fund of its kind: African-owned and targeted specifically at promoting the growth of small and medium-sized African seed companies through long-term loans provided at below-market rates. It will operate in eight countries - Ethiopia, Kenya, Malawi, Mozambique, Rwanda, Tanzania, Uganda and Zambia. In addition to larger loans to established seed companies, ASIF will also give loans ranging from about $50,000 to $1.5 million to about 10 start-up businesses.

Sales revenues of African seed companies were about $2.5 million in 2006 - a fraction of the $30 billion global market. Only about one-third of Eastern and Southern African maize, the region's largest staple food crop, was produced from improved varieties. African companies, which produce high-quality, locally adapted seed for a range of crops including maize, rice, sorghum, cowpeas and millet, cannot meet the demand. The AGRA-AAC partnership aims to jumpstart a well-capitalized, competitive and efficient regional seed industry, with the commercial incentive to produce, distribute and market improved seed varieties that meet farmers' demands.

"The African seed industry has been starved of investment capital," said Mr. Tom Adlam, Managing Director of AAC. "The Africa Seed Investment Fund offers the opportunity to commercialize new improved seed varieties - the fruits of research and development work carried out by both national and international plant breeding programs."

AGRA is a Nairobi-based African organization funded largely by the Gates Foundation that finds practical solutions across the agricultural value chain to sustainably boost smallholder farm productivity. It describes its investment in ASIF as part of a comprehensive approach to helping millions of small-scale farmers and their families end poverty and hunger. AAC is a diversified agri-business fund, founded in Uganda in 2004, that provides venture capital for small and medium-sized African agri-business.

The fund will also provide business development services, including advice on issues such as seed production, storage, distribution and seed company management. Distributors will also be trained on the appropriate use of seeds and other inputs such as fertilizer to ensure their most efficient, safe and environmentally sound use.

To qualify for funding, companies will need to meet investment criteria in enterprise, performance and development, including measures such as overall job creation, skills development and environmental impact.

MICROFINANCE

GROFIN TO INVEST $20M TO SUPPORT SMALL BUSINESSES

GroFin, a multi-national company specializing in offering microfinance and business development assistance to small and medium-sized enterprises (SMEs), announced in May that it planned to invest a further $20 million to support SMEs in Uganda. The company has already invested about $8.2 million in small Ugandan businesses.

The Mauritius-based company, which has so far invested about $225 million in SMEs in Ghana, Kenya, Nigeria, Oman, Rwanda, Tanzania, South Africa and Uganda, plans to offer loans to Ugandan entrepreneurs ranging from about $50,000 to $1 million.

In addition to providing business loans, GroFin gives individualized training in management, marketing and financial skills to its client entrepreneurs. The approach enhances the probability of success, stimulates business growth and contributes to job growth and social development in the SME sector in developing countries.

One entrepreneur to benefit from loans and training from GroFin is Mr. Tom Kaaya, who built the Nana Hostel to house Makerere University students in Kampala.

"My dream was to build this hostel and to make sure students have a good place to stay and study because it is very hard for students to find good housing," Mr. Kaaya said. When a traditional bank was unable to provide him with financing because he lacked collateral, a bank official directed him to GroFin.

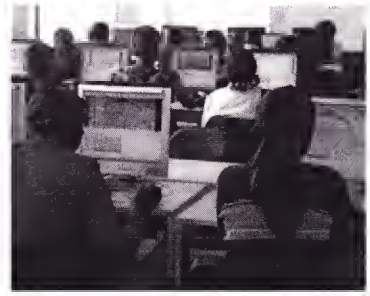
"I took my business plan to GroFin and they asked a lot of questions and went over every bit of it in great detail," he said. "I thought I knew everything there was to know about my business, but really, they re-educated me and helped me get the accounting and the business plan just right. I did some more research and came back with a much better proposal. GroFin taught me so much, I know I couldn't fail."

Nana Hostel now offers 462 self-contained rooms to more than 1,000 students. GroFin provided about $1.6 million in loans for the project.

EMERGING SECTORS

UGANDA TO MAKE BID AS BUSINESS OUTSOURCING HUB

With the strong support of the Government of Uganda and the imminent arrival of global connectivity via the SEACOM fiber optic undersea cable, Uganda is poised to make a serious bid to become the business process outsourcing (BPO) hub of East Africa. The country, blessed with political stability, a population proficient in English, a large and inexpensive labor pool with information technology (IT) skills and an attractive business environment, is well-positioned to provide a host of services to a global clientele.



One BPO company already in place is Zundati, Inc., first established in Uganda as Data Solutions International, Ltd. Zundati is the first viable offshore BPO services company in the country. "When we opened our doors for business in 2006, our objective was to bridge the divide between opportunity and the abundance of talent throughout Uganda; we are well on our way," said Robert Kayihura, Zundati's Founding Partner.

Zundati built its foundation providing offshore data processing and indexing services to some of the world's leading family history and other historical records companies based in the United States. At its peak, Zundati employed a fulltime staff of over 120 data entry clerks, and other technical support staff. "We have helped our clients digitize, index and publish millions of census, genealogical and other historical records, all the while developing a core set of competencies that have application in many different sectors and industries," Kayihura said.

Today, Zundati is also providing services to the Government of Uganda and preparing to pursue large scale projects in healthcare and other business sectors. The company seeks to help organizations improve their services by providing a cost effective transition to automated and more integrated information systems. Other services include application testing, software development, and online research, in addition to other general back-office business services.

While the country's outsourcing industry is still quite small, comprising around 30 firms, the Government of Uganda has made it a priority to expand the sector. "The genius of e-services is that, if one works, then 100 can work too, and as you keep adding firms, then costs fall and skills are generated," said Mr. Paul Collier, author and development economist. "We need to ignite those processes that can scale up without limit, that are explosive."

In March, Uganda's Ministry of Information and Communications Technology (MoICT) recommended that Parliament fast-track passage of cyberlaws to bring electronic data protection in Uganda up to international standards and that the government establish a center for IT skills training and a unit for call center services.

For the past several years the government has been building a national fiber optic data transmission backbone, and telecommunications companies MTN Uganda and Uganda Telecom have invested heavily in fiber optic rollout throughout the country. The network is scheduled to be connected within the next few months to the SEACOM submarine cable via a terrestrial line to Mombasa, Kenya, where the cable comes ashore. The 15,000-km cable, which is 77% African-owned, connects Eastern and Southern Africa to global networks via Europe and India and enables broadband internet access and a range of other services critical to competitiveness in the global economy.

The $600 million SEACOM cable comes ashore in Kenya, Madagascar, South Africa and Tanzania. It will provide African retail carriers with equal and open access to inexpensive bandwidth and will revolutionize telecommunications in East Africa, which until now has relied solely on satellite connections. The Ugandan government plans to subsidize bandwidth costs for BPO companies and help them market their services at home and abroad. In addition, it is funding entrepreneurial and outsourcing training already underway for students at Makerere University and other institutions.

The SEACOM cable is the first of three submarine cables that will connect East Africa to the rest of the world. The others are the East Africa Submarine System (EASSy), running from South Africa to Sudan and scheduled to be completed in June 2010, and The East African Marine System (TEAMS) connecting Mombasa, Kenya, to Fujairah in the United Arab Emirates and scheduled to be completed later this year.

APPFRICA LABS - TEACHING SOFTWARE DEVELOPMENT SKILLS

Appfrica Labs, a new Kampala-based software development firm, has begun to train local computer professionals in state-of-the art programming with a view to expanding the East African software development industry. The company's founder, Mr. Jon Gosier, describes it as an incubator firm with a mission to offer opportunities and work experience for local software entrepreneurs who want to use their talents to bolster growing markets by creating their own products and companies.

"We pick up where local colleges like Makerere University leave off by offering hands-on experience in Java, C++, Ruby on Rails, Django and Python, PHP, Perl, Kannel and various other programming languages that often can't be taught in-depth in classes due to budget restraints," he wrote in a recent blog. "These skills are highly valued around the world and skilled professionals in this region will make East Africa a more attractive place to develop software, not only locally, but also for international companies."

Earlier this year, Appfrica attracted funding from Kuv Capital, a venture capital firm that has invested in similar hi-tech incubator companies in Beirut and Dubai, and which plans to open an office in Africa to take advantage of the continent's rapidly growing information and communication technology sector.